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Proposed programme budget for the biennium 2006-2007

United Nations common system

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2005

Fourth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement submitted by the Secretary-General in document A/60/421 on the financial implications for the biennium 2006-2007 of the decisions and recommendations of the International Civil Service Commission (ICSC) on the common system, as contained in the report of ICSC to the General Assembly for the year 2005.[1]

2. As in the past, the Advisory Committee has confined its consideration of the financial implications of recommendations contained in the report of ICSC to those submitted to the General Assembly by the Secretary-General in his statement. As indicated in paragraph 1 of the Secretary-General's statement, the report of ICSC contains decisions and recommendations involving financial implications for the United Nations system organizations that would, however, have no financial implications for the United Nations proposed programme budget for the biennium 2006-2007. The Advisory Committee has not commented on the recommendations themselves or on their underlying methodology.

3. As indicated in paragraph 3 of the Secretary-General's statement, the General Schedule salary scale for the federal civil service of the United States of America in Washington, D.C., the current comparator, increased by 2.5 per cent on a gross basis, as from 1 January 2005. The 2005 General Schedule increase, combined with the effect of tax changes, resulted in GS-13/GS-14 salary levels that were 2.49 per cent higher than the current base/floor salary scale. In accordance with the approved procedures and past practices, this would call for an upward adjustment of the

[1] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 30* (A/60/30).

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common system salary scale by 2.49 per cent. The Commission, in its 2005 annual report, decided to recommend to the General Assembly an upward adjustment of the current base/floor salary scale for staff in the Professional and higher categories by 2.49 per cent, effective from 1 January 2006; the increase of 2.49 per cent for the year 2006 in the base/floor salary scale would be implemented through the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis.

4. The Committee notes from paragraph 4 of the Secretary-General's statement that the financial implications of the 2.49 per cent upward adjustment of the current base/floor salary scale for staff in the Professional and higher categories for the United Nations proposed programme budget for the biennium 2006-2007 are estimated at $975,300 as follows: $484,400 due to the increased level of mobility and hardship allowance and $490,900 due to the increased level of separation payments.

5. **The Advisory Committee is of the view that the term "no-loss/no-gain" used in the Secretary-General's statement needs further explanation that would clearly demonstrate whether or not an upward adjustment of the base/floor salary scale, when implemented through the method of consolidating post adjustment multiplier points, would actually come at no additional cost to the United Nations. The Advisory Committee questions the cost neutrality beyond the date of implementation in particular with regard to the management of the post adjustment system. The explanation should be provided to the Fifth Committee at its current session and should be included in all future statements on ICSC recommendations as appropriate. If necessary, the term "no-loss/no-gain" should be replaced with another term that could better describe the consolidation of post adjustment multiplier points into base/floor salary scales.**

6. As indicated in paragraph 10 of the Secretary-General's statement, based on its 2005 review of the level of hazard pay for international and locally recruited staff, the Commission had decided to increase the level of hazard pay granted to internationally recruited staff from $1,000 to $1,300 per month, effective 1 January 2006. The Advisory Committee notes from paragraph 12 of the Secretary-General's statement that the financial implications of the decision on hazard pay are estimated at $4,694,400 for the proposed programme budget for the biennium 2006-2007. The Committee observes that in estimating the implications of the proposed increase in the level of hazard pay granted to international staff, the Secretariat utilized the most recent available statistics on the number of such staff deployed in the field for special political missions. According to the Secretariat, at present, about 700 posts for internationally recruited staff have been utilized in special political missions at duty stations classified as hazard duty stations. The Advisory Committee requests that a breakdown of these 700 posts by duty stations be provided to the Fifth Committee.

7. As indicated in paragraph 14 of the Secretary-General's statement, the related additional requirements under the proposed programme budget for the biennium 2006-2007 resulting from the recommendations and decisions of ICSC are estimated at $5,669,300, net of staff assessment. The Secretary-General intends to reflect these additional requirements in the recosting of the proposed programme budget prior to determination of the appropriation to be adopted by the General Assembly. **The Advisory Committee has no objection to the Secretary-General's approach.**

8. The Advisory Committee notes from paragraph 9 of the Secretary-General's statement that the recommendation of ICSC on adjustment of staff assessment rates will have no impact on net resource requirements under the proposed programme budget for the biennium 2006-2007. The reduction of $48,890,000 under section 35, Staff assessment, which will be offset by a corresponding reduction under Income section 1, Income from staff assessment, will be reflected in the recosting of the proposed programme budget for the biennium 2006-2007.